

TOWN OF RIVERHEAD
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2005



**TOWN OF RIVERHEAD
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2005**

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TOWN OF RIVERHEAD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DIRECT OR PASS THROUGH ENTITY</u>	<u>FEDERAL EXPENDITURES</u>
 <u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Food Distribution SNAP Program	10.550	Suffolk County SC05000009383	\$ 214,819
 <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grants Consortium	14.218	Suffolk County	\$ 52,017
 <u>U.S. DEPARTMENT OF JUSTICE</u>			
Public Safety Partnership and Community Policing Grants	16.710	Suffolk County	\$ 4,295
 <u>US DEPARTMENT OF TRANSPORTATION</u>			
Highway Planning and construction Program	20.205	NYS 0757.46	\$ 869,961
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u>			
Special Programs for the Aging Title 111 B (Home Chore, Home Aid & EISEP)	93.044	Suffolk County	<u>\$ 44,473</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 1,185,565</u></u>

See accompanying notes to schedule of expenditures of federal awards

TOWN OF RIVERHEAD
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Riverhead and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MARKOWITZ, FENELON & BANK, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PHILIP R. TUTINO, CPA
ROBERT E. WHITE, CPA/PFS
JOHN E. LARKIN, CPA
MARK M. PISCITELLI, CPA
THOMAS P. TERRY, CPA
JOSEPH R. MAMMINA, JR., CPA

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Town Supervisor and Town Board
Town of Riverhead
Riverhead, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Riverhead, New York as of and for the year ended December 31, 2005, which collectively comprise the Town of Riverhead, New York's basic financial statements and have issued our report thereon dated December 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Riverhead, New York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Riverhead, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Town Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Markowitz Fenelon & Bank LLP

MARKOWITZ, FENELON & BANK, LLP
Riverhead, New York

December 1, 2006

MARKOWITZ, FENELON & BANK, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PHILIP R. TUTINO, CPA
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Town Supervisor and Town Board
Town of Riverhead
Riverhead, New York

Compliance

We have audited the compliance of the Town of Riverhead, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The Town of Riverhead, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Riverhead, New York's management. Our responsibility is to express an opinion on the Town of Riverhead, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Riverhead, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Riverhead, New York's compliance with those requirements.

In our opinion, the Town of Riverhead, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Controls Over Compliance

The management of the Town of Riverhead, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Riverhead, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to

determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the government activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Riverhead, New York as of and for the year ended December 31, 2005, and have issued our report thereon dated December 1, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Riverhead, New York's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Town Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Markowitz Fenelon & Bank LLP

MARKOWITZ, FENELON & BANK, LLP
Riverhead, New York

December 1, 2006

TOWN OF RIVERHEAD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Riverhead, New York.
2. No reportable conditions relating to the audit of the financial statements are reported in the **"REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS"**.
3. No instances of noncompliance material to the financial statements of the Town of Riverhead, New York were disclosed during the audit.
4. No reportable conditions in internal control over major federal award programs disclosed during the audit are reported in the **"REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133"**.
5. The auditor's report on compliance for the major federal awards programs for the Town of Riverhead, New York expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

U.S. Department of Transportation
CFDA# 20.205

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Riverhead, New York was determined to be a high-risk auditee.

TOWN OF RIVERHEAD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005

DEPARTMENT OF JUSTICE

FINDING 4L: COPS MORE, CFDA# 16.710 – Corrective action was taken.

FINDING GP2: COPS UHP, CFDA# 16.710 – Corrective action was taken.